

**TEXAS DEPARTMENT OF INFORMATION RESOURCES
VOLUME PRICING CONTRACT
SHI-Government Solutions**

This VOLUME PRICING CONTRACT is entered into as of December 19, 2001 between the State of Texas, acting by and through the Department of Information Resources (DIR) with its principal place of business at 300 West 15th Street, Austin, Texas 78701, on behalf of state agencies as defined in §2054.003, Texas Government Code (including institutions of higher education as defined in Texas Education Code, §61.003) and local governments as defined in §791.003, Texas Government Code, and SHI-Government Solutions (Vendor) with its principal place of business at 1250 Capital of Texas Highway, Building 2 Suite 300, Austin, Texas 78746.

The parties agree as follows:

I. PURPOSE OF THIS CONTRACT

Vendor shall provide information resources technologies **only** as specified in Contract Posting Document DIR-TMP-02-016, attached as Exhibit "A", to customers in accordance with the terms of this contract. Vendor shall provide information resources technologies only upon the issuance and acceptance by vendor of valid purchase orders. A customer may purchase any quantity of product or service available from vendor at the prices negotiated by the DIR ("DIR Discounted Price"). For large orders, vendor and a customer may negotiate quantity price discounts above the DIR pricing discounts for a purchase order. From time to time, vendor may offer other discounts on particular information resources technologies for qualifying customer (e.g., announced promotion prices, educational discount prices, or similar discount pricing).

Vendor is required to be a Certified Dell Reseller and maintain this certification for the term of the contract.

II. TERM OF CONTRACT

This contract shall begin December 19, 2001 and end August 31, 2003 unless extended at the option of DIR, two optional one-year renewals, through August 31, 2005.

III. ORDER OF PRECEDENCE

Each purchase order under this contract that is accepted by Vendor will be subject to this contract. Purchase transactions between the parties shall be governed by the terms and conditions of this contract and any exhibits to this contract. In the event of a conflict between a term of this contract (or an exhibit to this contract) or purchase order issued by a customer, the contract term shall control. No additional term and condition of a purchase order issued by a Customer can weaken a term or condition of this contract.

IV. DEFINITIONS

- a) **"Contract Administrator"** refers to the individual appointed by the DIR to administer this contract on behalf of the State of Texas and the authorized Customers.

- b) **"Announced Promotion Prices"** are prices offered nationally to specific categories of customer for defined time periods under defined terms and conditions.
- c) **"Educational Discount Price"** means the price offered in a nationally announced promotion, which is limited to educational customers only.
- d) **"Large Order Negotiated Price"** means the price negotiated between vendor and a particular customer under defined additional terms and conditions. Selection and pricing of large order negotiated prices shall be by mutual agreement between manufacturer, vendor, and the customer. Large order negotiated prices shall apply only to those items which meet the applicable additional terms and conditions (e.g., order quantity, time limitation, product configuration) negotiated by the parties.
- e) **"Machine"** is a machine, its features, conversions, upgrades, elements, or accessories, or any combination of them. The term "machine" includes a vendor machine and any non-vendor machine (including other equipment) that vendor may provide to customer.
- f) **"Customer"** means any Texas State agency as defined in §2054.003, Texas Government Code (including institutions of higher education as defined in §61.003, Texas Education Code) and local governments as defined in §791.003, Texas Government Code.
- g) **"Manufacturer"** refers to Dell Computer Corporation.
- h) **"Information Resources Technology (Technologies)"** is defined in Texas Government Code §2054.003.
- i) **"Purchase Order"** means an electronic or paper document issued by a customer which directs vendor to deliver information resources technologies pursuant to this contract.
- j) **"Specification"** is a document that provides information specific to an item of information resources technology.
- k) **"Straight Shipment"** refers to information resources technologies that are delivered directly to the Customer from manufacturer. Vendor is only required to accept the purchase order from Customer, place the customer order with manufacturer, and invoice the purchase order to the Customer.
- l) **"Services"** means any type of work that a Customer may require from vendor for a purchase, above and beyond a straight shipment from Dell. ie. installation, de-installation, integration services, warehousing product, etc.

V. QUANTITY GUARANTEES

This contract is not exclusive. Customers may obtain computer information resources technologies from other sources during the contract term. DIR makes no express or implied warranties whatsoever that any particular number of purchase orders will be issued or that any particular quantity or dollar amount of information resources technologies will be procured. DIR is prevented by law from selling information resources technologies to other than governmental entities as defined in Texas Government Code, §2251.001 and Texas Education Code, §61.003.

VI. PAYMENT PROVISIONS

All payments for information resources technologies purchased under this contract, and any provision of acceptance of such information resources technologies, shall be made to vendor by the customer. Invoices shall be submitted by Vendor directly to the Customer. Customer will endeavor to pay within thirty (30) days of receipt of all accurate, timely and complete invoices from Vendor.

VII. PRICING AND PRODUCTS

- a) The price to the Customer under this contract shall be based on Vendor's standard contracted pricing with manufacturer. Manufacturer has the discretion to offer pricing discounts to the Vendor beyond the standard contracted price if manufacturer opportunity warrants. The price to the Customer under this contract shall be the lowest price offered by Vendor to any Texas governmental entity for the same product or service. Vendor shall immediately pass price reductions received from its suppliers on to the DIR Customers purchasing under the Contract. The Vendor is in violation of the Contract if it is found selling the same product or service at a lower price to an eligible Customer outside of this contract. The violation may result in the Contract being terminated.
- b) All products which Vendor is authorized by manufacturer to resell, manufacturer branded equipment and as referenced in section I, shall be made available to the Customer at Vendor's contracted price from manufacturer plus the follow fees:
 - 1) an administrative fee to DIR to defray its costs of negotiating, executing and administering this Contract, currently 1.00 % of each sale made.
 - 2) a 1.00 % maximum markup fee by Vendor on all straight shipments from manufacturer to customer for purchases up to \$50,000.00. Vendor may reduce markup at their discretion.
 - 3) for purchases over \$50,000.00 and for any purchase by Customer that requires Vendor to perform services, the markup fee by Vendor will be negotiable.
- c) Vendor agrees to maintain DIR product prices in accordance with the terms of this contract. Vendor may change the price of any product or service at any time, base upon list price changes, but Vendor markup percentages at a maximum shall remain consistent during the agreed period. Payment under this contract shall not foreclose the right of the Customer to recover wrongful payments.
- d) DIR may change its administrative fee upward or downward during the term of this contract upon written notice to Vendor. Any change in administrative fee shall be passed on to the Customer.
- e) The total price to the Customer under this contract shall include any manufacturer shipping and handling fees, or shall be listed separately for the customer. No additional fees shall be charged to the Customer for standard shipping and handling. If the Customer requests expedited delivery, Customer will be responsible for any charges for expedited delivery.

- f) If Vendor is contacted by, or contacts, a Texas State Agency, Institution of Higher Education, or unit of Local Government concerning buying information resources technologies that are made available under this contract, Vendor shall make the potential Customer aware of this contract and the ability of the potential Customer to buy hereunder.
- g) Vendor may make product model changes, add new products, product upgrades or services at any time and the pricing for the same shall incorporate comparable vendor markup levels at a maximum provided herein.

VIII. TERMINATION

The following provisions are applicable in the event this contract is terminated.

a) Termination for Convenience

At any time, either party may terminate this contract, in whole or in part, by giving the other party (30) days written notice.

b) Customer's Rights

In the event the contract expires or is terminated for any reason, a Customer shall retain its rights under the purchase order issued with respect to all information resources technologies ordered and accepted prior to the effective termination date.

c) Vendor's Rights

In the event the contract expires or is terminated for any reason, a Customer shall pay vendor all amounts due for information resources technologies ordered prior to the effective termination date and ultimately accepted.

IX. ADMINISTRATIVE FEE

The administrative fee shall be included in the charges for the information resources technologies set forth on any order form and/or quote to Customer. This administrative fee shall not be broken out as a separate line item. The Vendor's obligation to pay such amounts shall be suspended to the extent that its payment of collection violates any state or federal laws.

Vendor will pay DIR, on a monthly basis, the fee based on a percentage of the dollar value of vendor purchases made by customers pursuant to this contract. Payment is due based on sales, net of returns and credits, to be figured at the time of invoice to Customer. Vendor will provide payment to DIR fifteen (15) business days after the end of each month. For example, if Customer is invoiced on December 10th, payment to DIR for the sale is due January 15th. The administrative fee is currently based on 1.00 % of each sale made.

X. QUOTATIONS, SHIPPING, AND RETURN POLICIES

Vendor will adhere to their then-currently published policies concerning quotations. Shipping charges and return policies will adhere to manufacturer's then-currently published policies. Policies for Customer will not be more restrictive nor more costly than those policies for any other like individual, corporation, partnership, governmental entity, or other legal entity for the same product or service.

XI. IMPRACTICALITY OF PERFORMANCE

A party shall be excused from performance under this contract for any period that the party is prevented from performing as a result of an act of God, strike, war, civil disturbance, epidemic, or court order, provided that the party has prudently and promptly acted to take any and all steps that are within the party's control to ensure performance. Subject to this provision, such non-performance shall not be deemed a default or a ground for termination. A customer may terminate a purchase order if it is determined by the customer that vendor will not be able to deliver product or services in a timely manner to meet the business needs of the customer.

XII. LEASING PROVISION

The parties to this contract may agree to provisions that allow leasing of information technology equipment in addition to purchase sales.

XIII. RECORDS AND AUDIT

- a) Vendor shall maintain adequate records to establish compliance with this contract until the later of a period of four (4) years after termination of this contract or until full, final and unappealable resolution of all audit or litigation issues that arise under this contract. Such records shall include documentation of the following: date each customer placed order with vendor, identification of the ordering customer, the product model, quantity ordered, the price quoted to the customer for such order, the customer purchase order number, the order date to manufacturer, ship date, MSRP, shipping address, the invoice sent to the customer relating to the order, the record of customer payment and/or balance due, the calculations supporting each administrative fee owed DIR under this contract, and such other documentation as DIR may request.
- b) Vendor shall grant access to all paper and electronic records, books, documents, accounting procedures, practices and any other items relevant to the performance of this contract to DIR, the auditors designated by DIR, including auditors of the State Auditors' Office and of the United States, and such other persons or entities designated by DIR for the purposes of inspecting, auditing and/or copying such books and records. Copies and printouts requested by DIR shall be provided by vendor without charge. DIR shall provide vendor ten (10) business days' notice prior to inspecting, auditing and/or copying vendor's records. Vendor's records, whether paper or electronic, shall be made available during regular office hours. Vendor personnel familiar with the vendor's books and records shall be available to DIR staff and designees as needed to explain the books and records to the extent necessary for the audit or inspection to be performed. Vendor shall provide adequate office space to DIR staff during the performance of an audit.

- c) If any inspection or audit performed hereunder reveals an aggregate overcharge to customer of .5% or greater, or an aggregate underpayment to DIR of its administrative fee of .5% or greater, then the cost of such audit or inspection, including, but not limited to, the salary and associated overhead of DIR staff performing the audit or inspection, shall be reimbursed to DIR within thirty days from receipt of an invoice from DIR reflecting the cost of the audit or inspection.
- d) In the event of a discrepancy between the amount determined by the Texas Comptroller of Public Accounts as having been paid to vendor on behalf of a customer and the amount vendor calculates DIR's administrative fee provided for such customer, the amount reflected by the Comptroller of Public Accounts shall be presumed correct unless vendor can demonstrate to DIR's satisfaction that vendor's calculation of DIR's administrative fee is correct.

XIV. USE OF SUBCONTRACTORS

If Vendor uses any subcontractors, Vendor shall obtain advance written authorization from the DIR contract manager. Vendor shall satisfy DIR that all reasonable effort has been made to comply with the DIR HUB Subcontractor Plan.

A customer may choose to contract for configuration, installation, training, warranty or maintenance services separately through alternate DIR contracts.

XV. AMENDMENTS

The contract shall be amended only by written instrument executed by the parties.

XVI. SCOPE OF CONTRACT

This contract replaces all of the agreements of the parties concerning the subject matter of this contract. No prior contract, verbal or otherwise, of the parties or their agents shall be valid or enforceable. This contract includes the requirements of the request for offer in Exhibit A.

XVII. INVALID TERM AND CONDITION

If any term or condition of this contract shall be held invalid or unenforceable, the remainder of this contract shall not be affected and shall be valid and enforceable.

XVIII. ENFORCEMENT OF CONTRACT

A party's failure to require strict performance of any provision of this contract shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this contract shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights. For disputes not resolved in the normal course of business, the dispute resolution process provided for in Chapter 2260, Texas Government Code, shall be used.

This contract shall be governed by the laws of the State of Texas. Venue for any dispute is in the District Court of Travis County, Texas.

XIX. WEB SITE MAINTENANCE

Vendor agrees to work with the DIR Contract Administrator in keeping updated Vendor information listed on the DIR Web Site. Information from the vendor is to include vendor representative contact name, phone number, fax number, email address, QISV number, and address of company for customer to submit orders. Vendor web-site URL must also be included. Information on how the customer will request quotes, place orders, etc. must be maintained on the vendor's web-site.

XX. EQUAL OPPORTUNITY COMPLIANCE

Vendor agrees to abide by all applicable laws, regulations, and executive orders pertaining to equal employment opportunity, including federal laws and the laws of the State in which its primary place of business is located. In accordance with such laws, regulations, and executive orders, the vendor agrees that no person in the United States shall, on the grounds of race, color, religion, national origin, sex, age, veteran status or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed by vendor under this contract. If vendor is found to be not in compliance with these requirements during the life of this contract, vendor agrees to take appropriate steps to correct these deficiencies.

XXI. CHANGE IN VENDOR REPRESENTATIVES

Vendor shall appoint a primary representative to work with the contract administrator to maintain, support, and market this contract. DIR reserves the right to require a change in vendor's then-current primary representative if the assigned representative is not, in the opinion of the DIR, serving the needs of the State of Texas and the customers adequately.

XXII. CONFIDENTIALITY

Vendor acknowledges that DIR is a government agency subject to the Texas Public Information Act. Vendor also acknowledges that DIR will not only comply with the Public Information Act, and also with all opinions of the Texas Attorney Generals' office concerning this Act.

Under the terms of this contract, DIR may provide vendor with information related to DIR customers. Vendor shall comply with all State of Texas privacy policy guidelines, including, but not limited to, the requirement that vendor shall not re-sell or otherwise distribute or release to any party in any manner DIR customer information.

XXIII. SITE PREPARATION

A customer shall prepare and maintain its site in accordance with written instructions furnished by vendor prior to the scheduled delivery date of any product or service and shall bear the costs associated with the site preparation.

XXIV. CONTRACT ADMINISTRATOR

The DIR shall appoint a contract administrator whose duties shall include but not be limited to the following:

- A. Facilitate dispute resolution between the vendor and customer. Unresolved disputes shall be presented to DIR for resolution.
- B. The administrator shall advise the DIR regarding vendor's performance under the terms and conditions of the contract.
- C. Receive and approve monthly contract utilization reports and the administration fee payments.
- D. Periodically verify the Product prices conform with vendor's volume price guarantees.

XXV. SURVIVAL

Warranty and service agreements that were entered into between vendor and a customer under the terms and conditions of this contract shall survive the termination of this contract.

XXVI. SUCCESSION

This contract shall be entered into and be binding upon the successors of the parties. DIR must approve assignment of this contract prior to any transfer.

XXVII. NOTIFICATION

Either party may give written notice to the other party in accordance with the terms of this paragraph. Any written notice required or permitted to be given hereunder shall be deemed to have been given on the date of delivery if delivered by personal service or hand delivery or three business days after being mailed.

To DIR:

Patrick W. Hogan, Director of Business Operations
Department of Information Resources
P.O. Box 13564
Austin, Texas 78711

To SHI-Government Solutions:

Susan Parken, Account Executive
SHI-Government Solutions
1250 Capital of TX Hwy
Bldg. 2, Suite 300
Austin, TX 78746

Either party may change its representative or address above by written notice.

XXVIII. ADMINISTRATION REPORTING AND FEES

Vendor agrees to provide monthly contract utilization reports to the contract administrator in accordance with the following schedule. The reports will be due fifteen (15) business days after the end of each month.

- a) A monthly report shall state the sales under the contract for the period subtotaled by customer name. The report shall be accompanied with a check payable to Texas Department of Information Resources for the calculated administrative fee.
- b) A detail sales report will be issued monthly that includes no less than each customer, order date, ship date, product model, quantity, customer price, extended price, customer purchase order number, physical shipping address, city, zip code, and other information as required by DIR.
- c) Reports as required by DIR that will reflect the amount of work being subcontracted to historically underutilized businesses, as defined by Texas State law.

All reports are to be submitted electronically as defined by DIR.

The failure to file the utilization reports and fees on a timely basis shall constitute grounds for suspension of the contract or termination of the contract for cause. Vendor's liability for any breach of this Section shall not under any circumstances exceed the amount of administrative fees owed to DIR by vendor.

XXIX. VENDOR CERTIFICATIONS

Vendor certifies (i) it has not given, offered to give, and does not intend to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this contract; (ii) it is not currently delinquent in the payment of any franchise tax owed the State of Texas and is not ineligible to receive payment under §31.006 of the Texas Family Code and acknowledges this contract may be terminated and payment withheld if this certification is inaccurate; (iii) neither it, nor anyone acting for it, has violated the antitrust laws of the United States or the State of Texas, nor communicated directly or indirectly to any competitor or any other person engaged in such line of business for the purpose of obtaining an unfair price advantage; (iv) it has not received payment from DIR or any of its employees for participating in the preparation of this contract; and (v) during the term of this contract, it will not discriminate unlawfully against any employee or applicant and that, upon request it will furnish information regarding its nondiscriminatory hiring and promotion policies, as well as specific information on the composition of its principals and staff, including the identification of minorities and women in management or other positions with discretionary or decision-making authority.

XXX. DIR LOGO

Vendor may use the DIR logo in the promotion of this contract to customers with the following stipulations:

- a) The logo may not be modified in any way;

- b) When displayed, the size of the DIR logo must be equal to or smaller than the vendor logo;
- c) The sole use of the DIR logo will be to communicate the availability of information resources technologies available under this contract to customers; and
- d) Any other use of the DIR logo requires prior written permission from DIR.

XXXI. TECHNOLOGY ACCESS, AS REQUIRED BY §2157.005, TEXAS GOVERNMENT CODE

The Vendor expressly acknowledges and agrees that State funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, the Vendor represents and warrants to DIR and each Customer purchasing products under this contract that the technology provided hereunder is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology of: (1) providing equivalent access for effective use by both visual and nonvisual means; (2) presenting information, including prompts used for interactive communications, in formats intended for nonvisual use; and (3) being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired. For purposes of this section, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical display and customizable display appearance.

XXXII. COMMODITY SOFTWARE

Texas Government Code, §2157.068 requires State agencies to buy commodity software in accordance with contracts developed by DIR unless the agency obtains a waiver from DIR. Therefore, Vendor agrees to coordinate all commodity software sales made coincident to this agreement through existing DIR contracts if available. Vendor represents that it will not license through a signed or unsigned license agreement, volume licensing agreement or an order confirmation, any commodity software to other state agencies within the State of Texas unless DIR provides notification that DIR has granted a waiver to that state agency to purchase the commodity software outside of then current commodity software list. This section does not apply to institutions of higher education.

XXXIII. PREFERENCE TO TEXAS PRODUCTS AND SERVICES

Vendor agrees to comply with Sections 2155.444 and 2155.4441, Texas Government Code.

XXXIV. TRAINING AND TRADE SHOW PARTICIPATION

The Vendor may be required to provide product overview training to DIR at no cost. The training will be held within the Austin area at times mutually acceptable to DIR and Vendor.

Vendor understands and agrees that it must participate fully by providing a manned booth display or similar presence at no less than two (2) trade shows or similar functions sponsored by DIR each calendar year at the Vendor's expense. Vendor agrees to display the DIR logo at all trade shows directed toward entities that qualify as DIR Customers.

XXXV. ABILITY TO CONDUCT BUSINESS IN TEXAS

The Vendor is an entity authorized and validly existing under the laws of its state of organization, is authorized to do business in Texas, and is not in default as to taxes owed to the State of Texas or any of its political subdivisions.

Vendor acknowledges and agrees that, to the extent Vendor owes any debt or delinquent taxes to the State of Texas, in accordance with §403.055(h), Texas Government Code, any payments Vendor is owed under this contract will be applied by the Comptroller of Public Accounts toward any debt or delinquent taxes Vendor owes the State of Texas until the debt or delinquent taxes are paid in full.

Vendor is a "Qualified Information Systems vendor" as defined in §2157.001, Texas Government Code. All information resources technologies offered to Customer under this contract are listed in Vendor's catalogue on file with the General Services Commission.

XXXVI. BINDING CONTRACT

This contract has been duly authorized, executed and delivered by vendor and constitutes the valid, legal and binding agreement of vendor, enforceable in accordance with its terms.

XXXVII. SUIT OR PENDING PROCEEDINGS

To the best of the Vendor's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting the Vendor, which if determined adversely to the vendor will have a material adverse effect on the ability of the vendor to fulfill its obligations under the contract.

IN WITNESS WHEREOF, this contract has been executed by the duly authorized representatives of the parties.

SHI-Government Solutions

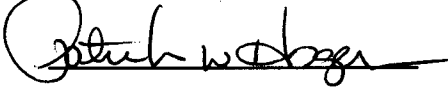
By: 

Name: Darron Gross

Title: Account Executive

Date: 12/19/01

**THE STATE OF TEXAS, acting by and
through the DEPARTMENT Of
INFORMATION RESOURCES**

By: 

Name: Patrick W. Hogan

Title: Director of Business Operations

Legal: 

Date: 12-19-01

**AMENDMENT NUMBER 1
TO CONTRACT NO. DIR-VPC-02-011**

between

SHI-GOVERNMENT SOLUTIONS

and

**the STATE OF TEXAS, acting by and through
the DEPARTMENT OF INFORMATION RESOURCES**

This amendment is hereby affixed to and shall become part of Contract No. DIR-VPC-02-011 dated December 19, 2001, ("Contract") between SHI-Government Solutions, (hereinafter referred to as "Vendor" or "Lessor") and the STATE OF TEXAS, acting by and through the DEPARTMENT OF INFORMATION RESOURCES (hereinafter referred to as "DIR"). This Amendment, as incorporated into the Contract, is subject to all terms, conditions, restrictions and limitations contained in the Contract not in conflict with this Amendment including the limitation of liability provision.

The Contract is hereby modified and agreed to as follows:

1. Term XII, Leasing Provision, is here by amended to read;
The parties to this Contract agree to provisions that allow leasing of Information Resource Technology products, as stated within the Contract, in addition to purchase sales. All leasing procurements will abide by the terms and conditions set forth within said Contract and Exhibit B, Master Lease Agreement.

Except as provided in this Amendment and within Exhibit B, all other terms and conditions, and provisions of the Contract shall remain in full force and effect as provided therein.

IN WITNESS WHEREOF, this Amendment has been executed by the duly authorized representatives of the parties and is in full force and effect as of the date of the last party to sign.

SHI-GOVERNMENT SOLUTIONS

By: Susan Parker

Name: Susan Parker

Title: Acct Exec

Date: 10/30/02

**STATE OF TEXAS, acting by and
through the DEPARTMENT OF
INFORMATION RESOURCES**

By: Patrick W Hogan

Name: Patrick W. Hogan

Title: Director of Business Operations

Date: 10/28/02

Legal: [Signature] 10/28/02

EXHIBIT B

MASTER LEASE AGREEMENT TERMS AND CONDITIONS

1. Definitions.

Asset(s). All of the personal property, including hardware, software or licensed products, services, and/or maintenance listed on any Schedule. When Asset(s) refers to Software licensed to Lessee it shall be understood that said software shall continue to be owned by the Lessee as set forth in the applicable software license agreement.

Commencement Date. The date(s) Lessee's obligation to pay Rent begins, which will be the delivery date for each Asset under each schedule.

Initial Schedule Term. The period initially agreed to constitute the lease period as set forth in the Schedule.

Schedule Term. For each Schedule shall include the Initial Schedule Term and any Renewal Schedule Terms.

Renewal Schedule Term. Any period subsequent to the Initial Schedule Term.

Rent. The payment by Lessee to Lessor of money for the lease of the Asset(s) covered by the Schedule.

Purchase Order. The Lessee's fiscal form or format that is submitted to the Lessor as acceptance of the lease proposal and the terms and conditions stated herein.

Schedule. The document entitled "True Lease Schedule" specifying the Asset(s), Rent payments, casualty values, Lessor's costs and other information.

Lessee. Any Texas state agency and local government as defined in Section 2054.003, Texas Government Code (including institutions of higher education as defined in Texas Education Code, Section 61.003), and those state agencies purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code.

2. Schedules.

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, subject to the terms and conditions of this Master Lease Agreement, the Asset(s) described in each Schedule. Each Schedule constitutes a separately assignable agreement between the parties executing each Schedule and incorporates in full the terms and conditions of this Master Lease Agreement. Unless DIR leases Asset(s) for its own use, DIR is not a party to Lessee Schedules or Purchase Orders executed under this Master Lease Agreement and is not responsible for Rents, payments or other obligations under such Schedule(s) or Purchase Orders.

3. Term of Master Lease Agreement and Schedules.

- (a) The term of this Master Lease Agreement commences on the execution date hereof and continues until (I) the obligations of Lessee under every Schedule are fully discharged and (II) either party provides thirty (30) days prior written notice of termination.

- (b) The Initial Schedule Term for each Schedule shall be as set forth thereon. Until either party provides the other with prior written notice of termination, Renewal Schedule Terms of each Schedule shall extend automatically, at the Rent last in effect, for successive three-month terms beyond the expiration of the Initial Schedule Term. All such terminations are effective only (I) following written notice received not less than ninety (90) days prior to the end of the Schedule Term, (II) on the last day of the Initial Schedule Term or Renewal Schedule Term then in effect and (III) with respect to not less than all Asset(s) under a Schedule. Notice of Termination by Lessee may not be revoked without Lessor's consent.

4. Administration of Master Lease.

- (a) For requests involving the leasing of Dell Marketing, LP equipment, each potential Lessee will submit its request directly to the Lessor. Lessor shall use the then current contract pricing offered within the DIR purchasing Contract Number DIR-VPC-02-011. Lessor shall submit the lease proposal and all other documents directly to the potential Lessee.
- (b) Lessee will issue a Purchase Order in the amount indicated on the Schedule(s) to Lessor for the Asset(s). By issuing a Purchase Order, Lessee is agreeing that it shall execute, within sixty (60) days, all necessary and appropriate additional documents needed to complete the leasing transaction. By accepting the purchase order, Lessor is relying on the Lessee's intent to execute additional documentation to complete the lease transaction. Lessor shall not be required to accept a Purchase Order from the Lessee if the preceding statement is not included on the Lessee's Purchase Order. The terms and conditions set forth herein shall govern all Lessee transactions under this Contract. Lessee shall not have the authority to modify the terms of this Contract, except as to receive better terms for a particular opportunity than those set forth herein. No additional term or condition of a Purchase Order or Schedule executed under this Contract by a Lessee can weaken a term or condition of this Contract. In the event of a conflict between the terms of a Lessee's Purchase Order, Schedule, or this Contract, the Contract term shall control.
- (c) As Rent for the Asset(s), Lessee shall pay Lessor the amounts on the due dates set forth in the Schedule.
- (d) Each Schedule is a net lease and except as specifically provided herein, Lessee shall be responsible for all costs and expenses arising in connection with the Schedule or Asset(s). Lessee acknowledges and agrees, except as expressly provided in Section 18 hereof, that its obligation to pay Rent and other sums payable hereunder, and the rights of Lessor and Lessor's assignees, shall be absolute and unconditional in all events, and shall not be subject to any abatement, reduction set-off, defense, counterclaim or recoupment due or alleged to be due by reason of any past, present or future claims Lessee may have against Lessor, Lessor's assigns, the manufacturer, vendor, or maintainer of the Asset(s), or any person for any reason whatsoever.
- (e) On all amounts not paid by Lessee when due, late charges shall accrue at the rate of twelve percent (12%) per annum (or the maximum rate allowable by law, if less) from the due dates thereof until received by Lessor. Late charges and attorney's fees necessary to recover Rent and other amounts owed by Lessee hereunder are considered an integral part of this Master Lease Agreement. Payments under the Agreement are subject to the provisions of the Texas Prompt Payment Act.
- (f) If Lessor is contacted by, or contacts, a potential Lessee, as defined in Section One, Definitions, concerning leasing Asset(s), Lessor shall make a good faith effort to make the entity aware of the ability to lease Asset(s) through this Master Lease Agreement. Provided, however, nothing herein shall require Lessor to use this Agreement exclusively

with Lessees. Further, this Agreement shall not constitute a requirements contract and Lessor shall not be obligated to enter into any Schedule for the lease of Asset(s) with any Lessee.

5. Selection; Inspection; Acceptance.

- (a) The Asset(s) are of a size, design, and capacity selected by Lessee in its sole judgment and not in reliance on the advice or representations of Lessor. No representation by the manufacturer or vendor shall in any way affect Lessee's duty to pay Rent and perform its other obligations hereunder. Each Schedule is intended to be a "finance lease" as defined in Article 2A of the Uniform Commercial Code. Lessor has acquired or will acquire the Asset(s) in connection with this Lease. Lessee acknowledges either (a) that Lessee has reviewed and approved any written purchase order, supply contract or purchase agreement ("Supply Contract"), covering the Asset(s) purchased from the manufacturer or vendor thereof ("Vendor") for lease to Lessee; or (b) that Lessor has informed or advised Lessee, in writing, either previously or by this Lease of the following: (I) the identity of the Vendor; (II) that the Lessee may have rights under the Supply Contract; and (III) that the Lessee may contact the Vendor for a description of such rights that Lessee may have under the Supply Contract. Lessor shall not be liable for damages for any reason, for any act or omission of the Vendor. Lessor agrees, to the extent they are assignable, to assign the Lessee, without recourse to Lessor, any warranties provided to Lessor with respect to the Asset(s).
- (b) Promptly upon delivery, Lessee will inspect the Asset(s), and, not later than 10 business days following the Commencement Date, Lessee will execute and deliver either (I) an Acceptance Certificate in the form of Appendix A hereto for the Asset(s), or (II) written notification of any defects in the Asset(s). If Lessee has not given notice within such time period, the Asset(s) shall be conclusively deemed accepted.

6. Warranties; Quiet Enjoyment and Disclaimer; Indemnity.

- (a) Lessor warrants that, provided Lessee is not in default, Lessor will not interfere with Lessee's quiet use and enjoyment of the Asset(s).
- (b) EXCEPT FOR THE PROVISIONS OF 6(a) ABOVE, WITH REGARD TO THE ASSET (S), LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING WITHOUT LIMITATION: THOSE OF MERCHANTABILITY OR FITNESS FOR PURPOSE OR USE, OF CONDITION, PERFORMANCE, SUITABILITY OR DESIGN, OR CONFORMITY TO ANY LAW, RULE, REGULATION, AGREEMENT OR SPECIFICATION, OR OF INFRINGEMENT OF ANY PATENT, TRADE SECRET, TRADEMARK, COPYRIGHT OR OTHER INTANGIBLE PROPERTY RIGHT. Lessor shall have no liability to Lessee, nor any other party, nor shall Lessee abate payments, for any loss, claim or damage of any nature caused or alleged to be caused directly, indirectly, incidentally or consequentially by the Asset(s), any inadequacy thereof, deficiency or defect therein (whether known or knowable by Lessor), by any incident whatsoever arising in connection therewith, whether in strict liability or otherwise, or in any way related to or arising out of this Master Lease Agreement or any Schedule.
- (c) Without waiving the doctrines of sovereign immunity and immunity from suit, and to the extent allowed by the laws and Constitution of the State of Texas, Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to any Asset(s) and for injury to or death of any person, or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others, which is proximately caused by the negligent conduct of Lessee, its officers or employees.

7. Installations; Use; Repair and Maintenance.

- (a) Lessee shall provide a place of installation, which conforms to the requirements of the manufacturer.
- (b) Subject to the terms hereof, Lessee shall be entitled to unlimited use of the Asset(s) except that in the case of software, the Asset(s) are subject to the parties' rights under the applicable software license agreement. Lessee shall not use or permit the use of the Asset(s) for any purpose, which, according to the specifications of the Manufacturer, the Asset(s) are not, designed or reasonably suited. Lessee shall use the Asset(s) in a careful and proper manner and shall comply with all of the manufacturer's instructions, governmental rules, regulations, requirements and laws, and all insurance requirements, if any, with regard to the use, operation or maintenance of the Asset(s).
- (c) Lessee shall be solely responsible for the installation, maintenance and repair of the Asset(s). During the Schedule Term, Lessee shall (i) keep the Asset(s) in good repair, condition and working order; (ii) maintain in force a maintenance contract with the manufacturer or with another qualified service organization; and (iii) permit access to the Asset(s) for installation of engineering changes required to maintain the Asset(s) at the manufacturer's current engineering levels.

8. Ownership; Inspection; Relocation; Personal Property.

- (a) The Asset(s) shall at all times be and remain the sole and exclusive property of Lessor, subject to the parties rights under any applicable software license agreement. Lessee shall have no right, title or interest in the Asset(s) except a leasehold interest as provided for herein.
- (b) Lessor, its assigns or their agents shall be permitted free access at reasonable times to inspect the Asset(s).
- (c) Lessee shall at all times keep the Asset(s) within its exclusive possession and control. Upon Lessor's prior written consent, which shall not be unreasonably withheld, Lessee may move the Asset(s) to another location of Lessee within the continental United States, provided (i) Lessee is not in default on any Schedule, (ii) Lessee executes and causes to be filed at its expense such instruments as are necessary to preserve and perfect the interests of Lessor and its assigns in the Asset(s), (iii) Lessee pays all costs of, and provides adequate insurance during such movement and (iv) Lessee pays all costs otherwise associated with such relocation. Notwithstanding the foregoing, Lessee may move the Asset(s) to another location within Texas without notification to, or the consent of, Lessor. Provided, however, that not later than December 31 of each year, Lessee shall provide Lessor a written report detailing the total number of Asset(s) at each location of Lessee as of that date, and the complete address for each location. Lessor shall make all filings and returns for property taxes due with respect to the Asset(s), and Lessee agrees that it shall not make or file any property tax returns, including information returns, with respect to the Asset(s).
- (d) Lessee agrees that the Asset(s) shall be and remain personal property and shall not be so affixed to realty as to become a fixture or otherwise to lose its identity as the separate property of Lessor. Upon request, Lessee will enter into all agreements necessary to ensure that the Asset(s) remain the personal property of Lessor.

9. Liens.

Lessee shall at its expense keep the Asset(s) free and clear of all levies, liens, and encumbrances, except those in favor of Lessor or its assigns.

10. Risk of Loss.

- (a) Commencing upon delivery and continuing throughout the Schedule Term, Lessee shall bear the entire risk of loss with respect to any Asset damage, destruction, loss, theft, or governmental taking, whether partial or complete, for any reason. No event of loss shall relieve Lessee of its obligation to pay Rent under any Schedule;
- (b) If any Asset is damaged, Lessee shall promptly notify Lessor and, at Lessee's expense, within 60 days of such damage, cause to be made such repairs as are necessary to return such item to its previous condition, reasonable wear and tear is excepted;
- (c) In the event any Asset is destroyed, damaged beyond repair, lost, stolen, or taken by governmental action for a stated period extending beyond the term of any Schedule (an "Event of Loss"), Lessee shall promptly notify Lessor and pay to Lessor, on the next Rent payment date following such Event of Loss, an amount equal to the Casualty Value for the Asset suffering the Event of Loss then in effect as set forth on the Schedule. After payment of such Casualty Value and all Rent and other amounts due and owing on and before such Rent payment date, Lessee's obligation to pay further Rent allocable to the Asset which suffered the Event of Loss shall cease. After receipt of such Casualty Value by Lessor or its assigns, Lessee shall be entitled to receive any insurance or other recovery received by Lessor or its assigns in connection with such Event of Loss, and the Asset(s) for which such Casualty Value was received shall be conveyed to Lessee AS IS, WHERE IS and free and clear of all liens and encumbrances created by or arising through Lessor, but otherwise WITHOUT FURTHER WARRANTY (EXPRESS OR IMPLIED) WHATSOEVER, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PURPOSE OR USE; and
- (d) In the event of a governmental taking of an Asset for an indefinite period or for a stated period, which does not extend beyond the Schedule Term, all obligations of the Lessee with respect to such Asset (including payment of Rent) shall continue. So long as Lessee is not in default hereunder, Lessor shall pay to Lessee all sums received by Lessor from the government by reason of such taking.

11. Insurance.

Lessee at its expense shall maintain fire and extended coverage insurance against loss, theft, damage, or destruction of the Asset(s), in an amount not less than the Casualty Value of the Asset(s). Lessee shall further, at its expense, provide and maintain comprehensive public liability insurance in an amount of \$1,000,000 per occurrence against claims for bodily injury, death and/or property damage arising out of the use, ownership, possession, operation or condition of the Asset(s), together with such other insurance as may be required by law which names Lessee as an insured and Lessor and its assign(s) as additional insured as their respective interest may appear. Such insurance shall contain a clause requiring the insurer to give Lessor at least one-month prior written notice of the cancellation or any alteration in the terms of such policy. Each policy of property damage insurance shall name Lessor and its assign(s) as loss payees and shall state that all claims there under shall be payable to such party(ies) irrespective of any breach of warranty or other act or omission of Lessee. Each insurance policy shall be with an insurance carrier licensed to provide the insurance required herein in the states where the Asset(s) are located. Lessee hereby appoints Lessor as

Lessee's attorney-in-fact upon Lessee's failure to act promptly in any manner with regard to any claim, to make proof of loss and claim for insurance, to make adjustments with insurers, and to receive payment of and execute or endorse all documents, checks, and drafts in connection with payments made as a result of such insurance policies. Lessee will not make adjustments with insurers except with Lessor's written consent. Lessee shall furnish to Lessor, upon request, certificates of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect or, if Lessor consents, that Lessee is self-insured. Lessee's liability for loss under Section 10 shall not be diminished by any insurance payment less than the actual amount of the loss. Lessees that are defined as state agencies in accordance with Section 2054.003, Texas Government Code (including institutions of higher education as defined in Texas Education Code, Section 61.003) and those purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code, may self-insure their obligations in this section.

12. Surrender of Asset(s).

- (a) On the last day of the Schedule Term, Lessee shall return the Asset(s) to Lessor in good repair, condition and working order, ordinary wear and tear alone excepted, at the location specified by Lessor, provided, however, such location shall be within the United States and no farther than 500 miles from the original shipment location. Lessee shall arrange and pay for de-installation and packing in accordance with the Lessor's specifications and for the cost of transporting the Asset(s) by ground, within the United States, no more than 500 miles from the original shipment location, and for insured transportation, if applicable, such insurance coverage if applicable to be not less than the Asset(s) Casualty Value last in effect. Lessee shall, at its expense, cause each Asset to be repaired as necessary to conform to the foregoing return conditions;
- (b) If, on the last day of the Schedule Term, Lessee shall fail to return to Lessor any Asset listed on the Schedule, Lessee shall be treated as a holdover tenant for all of the Asset(s) listed on the Schedule for a Renewal Schedule Term in accordance with Section 3(b) above and shall continue to pay Rent in the amount set forth in the Schedule for all Asset(s). This provision shall continue for periods beyond the first such renewal term. In no event may Lessee avoid the effect of this provision by returning less than all Asset(s) listed on any Schedule or by returning substitute assets unless Lessor, in its sole discretion, shall expressly agree in writing; and
- (c) This Section shall not derogate from Lessor's right, to be exercised in its sole discretion, to obtain return of all Asset(s) on the last day of any Schedule Term, or to declare an Event of Default for any failure of Lessee to so return the Asset(s).

13. Representations and Warranties of Lessee.

Lessee represents and warrants for the benefit of Lessor and its assigns, and Lessee will provide an opinion of counsel to the effect that, as of the time of execution of the Master Lease Agreement and each Schedule between Lessor and Lessee:

- (a) Lessee is either a Texas state agency or Texas local governments defined in Section 2054.003, Texas Government Code (including institutions of higher education as defined in Texas Education Code, Section 61.003) or a state agency purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code;
- (b) Each Purchase Order and Schedule executed by Lessee has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding agreement of Lessee, enforceable in accordance with its terms;

- (c) No approval, consent or withholding of objection is required from any federal or other governmental authority or instrumentality with respect to the entering into or performance by Lessee of any Schedule between Lessor and Lessee;
- (d) The entering into and performance of any Schedule between Lessor and Lessee, the Master Lease Agreement or any Schedule will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon assets of the Lessee or on the Asset(s) leased under any Schedule between Lessor and Lessee pursuant to any instrument to which the Lessee is a party or by which it or its assets may be bound;
- (e) To the best of Lessee's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting Lessee, which if determined adversely to Lessee will have a material adverse effect on the ability of Lessee to fulfill its obligations under the Master Lease Agreement or any Schedule between Lessor and Lessee; and
- (f) The use of the Asset(s) is essential to Lessee's proper, efficient and economic operation, and Lessee will sign and provide to Lessor upon execution of each Schedule between Lessor and Lessee hereto written certification to that effect.

14. Representation and Warranties of DIR.

DIR represents and warrants for the benefit of Lessor and its assigns, and DIR will provide an opinion of counsel to the effect that, as of the time of execution of the Master Lease Agreement:

- (a) DIR is a State agency as defined in Section 2251.001, Texas Government Code;
- (b) This Master Lease Agreement has been duly authorized, executed and delivered by DIR and constitutes a valid, legal and binding agreement of DIR, enforceable in accordance with its terms;
- (c) No approval, consent or withholding of objection is required from any federal or other governmental authority or governmental authority or instrumentality with respect to the entering into or performance by DIR of this Master Lease Agreement;
- (d) The entering into and performance of the Master Lease Agreement does not violate any judgment, order, law or regulation applicable to DIR or result in any breach of, constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon assets of DIR or on the Asset(s) pursuant to any instrument to which DIR is a party or by which it or its assets may be bound;
- (e) To the best of DIR's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting DIR, which if determined adversely to DIR will have a material adverse effect on the ability of DIR to fulfill its obligations under the Master Lease Agreement;
- (f) DIR is authorized to charge and collect the administrative fee set forth herein;
- (g) Lessor's payment of the administrative fee to DIR shall not constitute an illegal gratuity or otherwise violate Texas law; and

- (h) DIR is a government agency subject to the Texas Public Information Act. Lessor acknowledges that DIR will comply with the Public Information Act, and with all opinions of the Texas Attorney Generals' office concerning this Act.

15. Representations and Warranties of Lessor.

- (a) Lessor is an entity authorized and validly existing under the laws of its state of organization, is authorized to do business in Texas, and is not in default as to taxes owed to the State of Texas and any of its political subdivisions;
- (b) The Master Lease Agreement and each Schedule have been duly authorized, executed and delivered by Lessor and constitute valid, legal and binding agreements of Lessor, enforceable in accordance with their terms;
- (c) No approval, consent or withholding of objection is required from any federal or other governmental authority or instrumentality with respect to the entering into or performance by Lessor of this Master Lease Agreement or any Schedule;
- (d) The entering into and performance of the Master Lease Agreement or any Schedule will not violate any judgment, order, law or regulation applicable to Lessor or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon the assets of the Lessor, including Asset(s) leased under the Master Lease Agreement and Schedules thereto, pursuant to any instrument to which the Lessor is a party or by which it or its assets may be bound; and
- (e) To the best of Lessor's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting Lessor, which if determined adversely to Lessor will have a material adverse effect on the ability of Lessor to fulfill its obligations under the Master Lease Agreement or any Schedule.

16. Default and Remedies.

- (a) The occurrence of any of the following events shall constitute an event of default ("Event of Default") under a Schedule: (I) nonpayment by Lessee of Rent or any other sum payable by its due date; (II) failure by Lessee to perform or observe any other term, covenant or condition of this Master Lease Agreement, any Schedule, or any applicable software license agreement, which is not cured within ten (10) days after notice thereof from Lessor; (III) insolvency by Lessee; (IV) Lessee's filing of any proceedings commencing bankruptcy or the filing of any involuntary petition against Lessee or the appointment of any receiver not dismissed within sixty (60) days from the date of said filing or appointment; (V) subjection of a substantial part of Lessee's property or any part of the Asset(s) to any levy, seizure, assignment or sale for or by any creditor or governmental agency; (VI) any representation or warranty made by Lessee in this Master Lease Agreement, any Schedule or in any document furnished by Lessee to Lessor in connection therewith or with the acquisition or use of the Asset(s) shall be untrue in any material respect; or (VII) a termination of any applicable software license agreement.
- (b) Upon the occurrence of an Event of Default and at any time thereafter Lessor may, in its sole discretion, do any one or more of the following: (i) After giving fifteen (15) days prior written notice to Lessee of default, during which time Lessee shall have the opportunity to cure such default, terminate any or all Schedules executed by Lessor and the defaulting Lessee; (ii) Without waiving the doctrines of sovereign immunity and immunity from suit, and to the extent allowed by the laws and Constitution of the State of Texas, Lessor may proceed by appropriate court action to enforce the performance of the terms of the Schedule an/or recover damages, including all of Lessor's economic loss for the breach

thereof; (iii) Whether or not the Schedule is terminated, upon notice to Lessee, take possession of the Asset(s) wherever located, without demand, liability, court order or other process of law, and for such purposes Lessee hereby authorizes Lessor, its assigns or the agents of either to enter upon the premises where such Asset(s) are located or cause Lessee, and Lessee hereby agrees, to return such Asset(s) to Lessor in accordance with the requirements of Section 12 hereof; (iv) By notice to Lessee, and to the extent permitted by law, declare immediately due and payable and recover from Lessee, as liquidated damages and not as a penalty, the sum of (a) the present value of the Rent owed from the earlier of the date of payment by Lessee or the date Lessor obtains a judgment against Lessee until the end of the Schedule Term plus, if the Assets are not returned to or repossessed by Lessor, the present value of the estimated In-place fair market value of the Assets at the end of the Schedule Term as determined by Lessor, each discounted at a rate of four percent (4%) per annum; (b) all Rent and other amounts due and payable on or before the earlier of the date of payment by Lessee or the date Lessor obtains a judgment against Lessee; and (c) without waiving the doctrines of sovereign immunity and immunity from suit, and to the extent allowed by the laws and Constitution of the State of Texas, costs, fees (Including all attorneys' fees and court costs), expenses and (d) interest on (a) and (b) from the date of default at 1 ½% per month or portion thereof (or the highest rate allowable by law, if less) and, on (c) from the date Lessor incurs such fees, costs or expenses.

- (c) Upon return or repossession of the Asset(s), Lessor may, if it so decides in its sole discretion, upon notice to Lessee, use reasonable efforts to sell, re-lease or otherwise dispose of such Asset(s), in such manner and upon such terms as Lessor may determine in its sole discretion, so long as such manner and terms are commercially reasonable. Upon disposition of the Asset(s), Lessor shall credit the Net Proceeds (as defined below) to the damages paid or payable by Lessee. Proceeds upon sale of the Asset(s) shall be the sale price paid to Lessor less the Casualty Value in effect as of the date of default. Proceeds upon a re-lease of the Asset(s) shall be all rents to be received for a term not to exceed the remaining Schedule Term, discounted to present value as of the commencement date of the re-lease at the Lessor's current applicable debt rate. Without waiving the doctrines of sovereign immunity and immunity from suit, and to the extent allowed by the laws and Constitution of the State of Texas, "Net Proceeds" shall be the Proceeds of sale or re-lease as determined above, less all costs and expenses incurred by Lessor in the recovery, storage and repair of the Asset(s), in the remarketing or disposition thereof, or otherwise as a result of Lessee's default, including any court costs and attorney's fees and interest on the foregoing at eighteen percent (18%) per annum or the highest rate allowable by law, if less, calculated from the dates such costs and expenses were incurred until received by Lessor. Lessee shall remain liable for the amount by which all sums, including liquidated damages, due from Lessee exceeds the Net Proceeds. Net Proceeds in excess thereof are the property of and shall be retained by Lessor.
- (d) No termination, repossession or other act by Lessor in the exercise of its rights and remedies upon an Event or Default shall relieve Lessee from any of its obligations hereunder. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity.
- (e) Neither DIR nor non-defaulting Lessees shall be deemed in default under the Master Lease Agreement or Schedules because of the default of a particular Lessee. Lessor's remedies under this Section 16 shall not extend to DIR and non-defaulting Lessees.

17. Effect of Waiver; Substitute Performance by Lessor.

- (a) No delay or omission to exercise any right or remedy accruing to Lessor upon any breach or default of Lessee shall impair any such right or remedy or be construed to be a waiver of any such breach or default, nor shall any waiver of any single breach or default be construed to waive or impair Lessor's rights and Remedies with respect to any breach or default therefore or thereafter occurring. Any waiver, permit, consent or approval on the part of Lessor of any breach or Default under this Schedule, or any provision or condition hereof, must be in writing and shall be effective only to the extent such writing specifically sets forth.
- (b) Should Lessee fail to make any payment or do any act as herein provided, Lessor shall have the right, but not the obligation, and without releasing Lessee from any obligation hereunder, to make or do the same. All sums so incurred or expended by Lessor shall be immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum or the highest rate allowable by law, if less, calculated from the date incurred until received by Lessor.

18. Assignment by Lessor; Assignment or Sublease by Lessee.

- (a) Lessor may (i) assign all or a portion of Lessor's right, title and interest in this Master Lease Agreement and/or any Schedule; (ii) grant a security interest in the right, title and interest of Lessor in the Master Lease Agreement, any Schedule and/or any Asset(s); and/or (iii) sell or transfer its title and interest as owner of the Asset(s) and/or as Lessor under any Schedule; and DIR and each Lessee leasing Asset(s) under the Master Lease Agreement understand and agree that Lessor's assigns may each do the same (hereunder collectively "Assignment"). All such Assignments shall be subject to each Lessee's rights under the Schedule(s) executed between it and Lessor and to DIR's rights under the Master Lease Agreement. Each Lessee leasing Asset(s) through Schedules under this Master Lease Agreement and DIR hereby consent to such Assignments and agree to execute and deliver promptly such acknowledgements, opinions of counsel and other instruments reasonably requested to effect such Assignment. Each Lessee leasing Asset(s) through Schedules under this Master Lease Agreement and DIR acknowledge that the assigns do not assume Lessor's obligations hereunder and agree to make all payments owed to the assigns without abatement and not to assert against the assigns any claim, defense, setoff or counterclaim which DIR or the Lessee(s) may possess against the Lessor or any other party for any other reason. Lessor shall remain liable for performance under the Master Lease Agreement and any Schedule(s) executed hereunder to the extent Lessor's assigns do not perform Lessor's obligations under the Master Lease Agreement and Schedule(s) executed hereunder. Upon any such Assignment, all references to Lessor shall also include all such assigns, whether specific reference thereto is otherwise made herein.
- (b) Without the prior written consent of Lessor, Lessee shall not assign, sublease, transfer, pledge or hypothecate the Master Lease Agreement, any Schedule, the Asset(s), any part thereof, or any interest in the foregoing. Without the prior written consent of Lessor, DIR shall not assign, sublease, transfer, pledge or hypothecate the Master Lease Agreement.

19. Delivery of Related Documents.

By issuing a Purchase Order, Lessee is agreeing that it shall execute, within sixty (60) days, all necessary and appropriate additional documentation needed to complete the leasing transaction. By accepting the Purchase Order, Lessor is relying on the Lessee's intent to execute additional documentation to complete the lease transaction. For each Schedule,

Lessee will provide the following documents and information satisfactory to Lessor: (a) Certificate of Acceptance; (b) Opinion of Counsel; (c) proof of self-insurance acceptable to Lessor; (d) Financial Statements; (e) Incumbency Certificate; and (f) Other documents as reasonably required by Lessor.

20. Appropriation of Funds.

- (a) This paragraph applies only to Lessees designated as state agencies defined in Section 2054.003, Texas Government Code, including institutions of higher education as defined in Texas Education Code, Section 61.003 and state agencies purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code.

Lessee intends to continue each Schedule to which it is a party for the Schedule Term and to pay the Rent and other amounts due there under. Lessee reasonably believes that legally available funds in an amount sufficient to pay all Rent during the Schedule Term can be obtained. Lessee further intends to act in good faith to do those things reasonably and lawfully within its power to obtain and maintain funds from which the Rent may be paid. Notwithstanding the foregoing, in the event sufficient funds are not appropriated to continue the Schedule Term for any Fiscal Period (as set forth on the Schedule) of Lessee beyond the Fiscal Period first in effect at the commencement of the Schedule Term, Lessee may terminate the Schedule with regard to not less than all of the Asset(s) on the Schedule so affected, Lessee shall endeavor to provide Lessor written notice sixty (60) days prior to the end of its current Fiscal Period confirming the Schedule will be so terminated. All obligations of Lessee to pay Rent due after the end of the Fiscal Period for which such termination applies will cease, all interests of Lessee in the Asset(s) will terminate and Lessee shall surrender the Asset(s) in accordance with Section 12 hereof. Notwithstanding the foregoing, Lessee agrees, without creating a pledge, lien or encumbrance upon funds available to Lessee in other than its current Fiscal Period, that it will use reasonable efforts to obtain appropriation of funds to avoid termination of the Schedule by taking reasonable and appropriate action including the inclusion in Lessee's budget request for each Fiscal Period during the Schedule Term hereof a request for adequate funds to meet its obligations and to continue the Schedule in force. Lessee represents and warrants it has adequate funds to meet its obligations during the first Fiscal Period of the Schedule Term. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rent hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general revenues, funds or monies of Lessee or the State of Texas beyond the Fiscal Period for which sufficient funds have been appropriated to pay Rent hereunder.

- (b) This paragraph applies only to Lessees designated as local government entities.

In the event sufficient funds are not appropriated for Lessee to continue the Schedule Term for any Fiscal Period (as set forth on the Schedule) of the Lessee beyond the Fiscal Period first in effect at the commencement of the Schedule Term, the Lessee may terminate the Schedule with regard to not less than all of the asset(s) on the Schedule so affected. Lessee shall endeavor to provide Lessor written notice sixty (60) days prior to the end of its current Fiscal Period confirming the Schedule will be terminated. All obligations of Lessee to pay Rent due after the end of the Fiscal Period first in effect at the commencement of the Schedule Term will cease, all interests of Lessee in the Asset(s) will terminate and Lessee shall surrender the Asset(s) in accordance with Section 12 hereof.

21. Miscellaneous.

- (a) Notices shall be conclusively deemed to have been received by a party hereto on the day it is delivered to such party at the address given above (or at such other address as such party shall specify to the other party in writing) or, if sent by certified mail, on the third business day after the day on which mailed, addressed to such party at such address.
- (b) Applicable Law/Disputes. The Master Lease Agreement and each Schedule SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. In the event of a dispute between the parties suit may be brought in the federal or state courts where Lessee has its principal office or where the Asset(s) are located.
- (c) Counterparts. Only original counterpart No. 1 of each Schedule shall be deemed to be an "Original" for chattel paper purposes under the Uniform Commercial Code. Any and all other counterparts shall be deemed to be a "Copy". NO SECURITY INTEREST IN THIS MASTER LEASE AGREEMENT, IN ANY OF THE SCHEDULE (S), OR IN ANY OF THE ASSETS MAY BE CREATED, TRANSFERRED, ASSIGNED OR PERFECTED BY THE TRANSFER AND POSSESSION OF THIS MASTER LEASE AGREEMENT ALONE OR OF ANY "COPY" OF THE SCHEDULE, BUT RATHER SOLELY BY THE TRANSFER AND POSSESSION OF THE "ORIGINAL" COUNTERPART OF THE SCHEDULE INCORPORATING THIS MASTER LEASE AGREEMENT BY REFERENCE.
- (d) Suspension of Obligations of Lessor. Prior to delivery of any Asset, the obligations of Lessor hereunder shall be suspended to the extent that it is hindered or prevented from performing because of causes beyond its control.
- (e) Severability. In the event any provision of the Master Lease Agreement or any Schedule shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the parties hereto agree that such provision shall be ineffective without invalidating the remaining provision thereof.
- (f) Entire Agreement. Lessor and Lessee acknowledge that there are no agreements or understandings, written or oral, between them with respect to the Asset(s), other than as set forth in this Master Lease Agreement and in each Schedule to which Lessee is a signatory party. Lessor and Lessee further acknowledge that this Master Lease Agreement and each Schedule to which Lessee is a party contain the entire agreement between Lessor and Lessee. Lessor and Lessee acknowledge that there are no agreements or understandings, written or oral, between them other than as set forth in this Master Lease Agreement and that this Master Lease Agreement contains the entire agreement between them. Neither this Master Lease Agreement nor any Schedule may be altered, modified, terminated, or discharged except by a writing signed by the party against whom enforcement of such action is sought.
- (g) Lessor Certifications. Lessor certifies (i) it has not given, offered to give, and does not intend to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Master Lease Agreement and Schedules executed hereunder; (ii) it is not currently delinquent in the payment of any franchise tax owed the State of Texas and is not ineligible to receive payment under Section 31.006, Family Code and acknowledges this Master Lease Agreement may be terminated and payment withheld if this certification is inaccurate; (iii) neither it, nor anyone acting for it, has violated the antitrust laws of the United States or the State of Texas, nor communicated directly or indirectly to any competitor or any other person engaged in such line of business for the purpose of obtaining an unfair price advantage; (iv) it has not received payment from Lessor, Lessee or

any of their employees for participating in the preparation of this Master Lease Agreement and the Schedule(s) hereunder; and (v) during the term of this Master Lease Agreement, it will not discriminate unlawfully against any employee or applicant and that, upon request it will furnish information regarding its nondiscriminatory hiring and promotion policies, as well as specific information on the composition of its principals and staff, including the identification of minorities and women in management or other positions with discretionary or decision making authority.

- (h) The following paragraph applies only to Lessees designated as a State agency as defined in Section 2054.003, Texas Government Code, including a university system or institution of higher education, and those purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code.

(a) To the extent that Chapter 2260 of the Texas Government Code, as it may be amended from time to time ("Chapter 2260"), is applicable to this Agreement and is not preempted by other applicable law, the dispute resolution process provided for in Chapter 2260, and rules promulgated there under shall be used by the Lessee and Lessor to attempt to resolve any claim for breach of contract made by Lessor.

- (i) DIR Contract Administrator. DIR shall appoint a contract administrator whose duties shall include but not be limited to the following:

- (a) Facilitating dispute resolution between the Lessor and Lessee. Unresolved disputes shall be presented to DIR for resolution; and
- (b) Advising DIR regarding Lessor's performance under the terms and conditions of the contract;

(j) Lessor Contract Administrator. Lessor shall appoint a primary representative to work with the DIR Contract Administrator to maintain, support, and market this contract. DIR reserves the right to require a change in Lessor's then-current primary representative if the assigned representative is not, in the opinion of DIR, serving the needs of the State of Texas and the Lessees adequately. The DIR Contract Administrator will escalate to Lessor management any unresolved issues, before a change in Lessor's then-current representative is requested by DIR.

22. Lessee's Waivers.

To the extent permitted by applicable law, Lessee hereby waives the following rights and remedies conferred upon Lessee by the Uniform Commercial Code: to (i) cancel any Schedule under the Agreement; (ii) repudiate any Schedule; (iii) reject the Asset(s); (iv) revoke acceptance of the Asset(s); (v) recover damages from Lessor for any breach of warranty by the manufacturer or supplier of the Asset(s); (vi) claim a security interest in the Asset(s) in Lessee's possession or control for any reason; (vii) deduct all or any part of any claimed damages resulting from Lessor's default, if any, under any Schedule; (viii) accept partial delivery of the Asset(s); (ix) "cover" by making any purchase or lease of or contract to purchase or lease equipment in substitution for the Asset(s) due from Lessor; (x) recover any special, punitive, incidental or consequential damages, for any reason whatsoever.

23. UCC Filings.

Lessor and Lessee agree that a reproduction of this Lease may be filed as a financing statement and shall be sufficient as a financing statement under the Uniform Commercial Code. Lessee irrevocably appoints Lessor, its officers and employees, as Lessee's attorney-in-fact,

with full power in Lessor's and Lessee's name to execute and file all such financing statements and other documents as Lessor deems necessary or advisable hereunder. Lessee shall execute or obtain and deliver to Lessor, upon Lessor's request, such instruments, financing statements and assurances, as Lessor deems necessary or advisable for the protection or perfection of this Lease and Lessor's rights hereunder and will pay all costs incident thereto.

24. Maximum Rate.

We both intend to comply with all applicable laws. We intend for each Lease to constitute a "true lease" of Asset(s) under all applicable law. If in any event, we should receive anything of value under the Lease deemed interest under any applicable law, which interest would exceed the maximum amount of interest allowed, then any excess interest collected shall be applied to repayment of principal in inverse order of maturity, and interest will be charged at the highest rate permitted by law, with any excess remaining being refunded to you. It is our express intent not to violate any applicable usury laws and in no event will we charge or receive, nor will you pay, any amounts in excess of the legal amount.

25. Handling of Written Complaints.

In addition to other remedies contained in this Contract, a person contracting with DIR may direct their written complaints to the following office:

Public Information Office
Department of Information Resources
Attn: Matt Kelly
300 W. 15th Street, Suite 1300
Austin, TX 78701
(512) 936-6550, voice
(512) 475-4759, fax
Email: matt.kelly@dir.state.tx.us

Appendix A

DELIVERY & ACCEPTANCE CERTIFICATE OF UNCONDITIONAL ACCEPTANCE

LEASE # or PO #: _____

DATED AS OF: _____

Between SHI-GOVERNMENT SOLUTIONS

as lessor, and the UNDERSIGNED LESSEE

The undersigned Lessee hereby acknowledges receipt and acceptance of the Equipment described in the above referenced Lease Agreement and/or ADD-ON Schedule, AS IS and WHERE IS on the date hereof, and represents that it is in good working condition, and LESSEE HEREBY UNCONDITIONALLY ACCEPTS THE EQUIPMENT AFTER FULL INSPECTION THEREOF, as satisfactory for all purposes under the Lease. Lessee certifies that the Lessor has fully and satisfactorily performed all covenants and conditions to be performed by and under the Lease as it relates to such equipment and has delivered the Equipment selected solely by the Lessee in accordance with the Lessee's directions.

Lessee agrees that the Lessor has made and makes NO REPRESENTATIONS OR WARRANTIES OR ANY KIND OF NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE SUITABILITY OF SUCH EQUIPMENT, ITS DURABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, ITS MERCHANTABILITY, ITS CONDITION, AND/OR ITS QUALITY AND AS BETWEEN LESSEE AND LESSOR OR LESSOR'S ASSIGNEE ACCEPTS THE EQUIPMENT AS IS, and lessee affirms that it has no defense or counterclaims against Lessor in connection with the Lease Agreement. Lessee certifies that the Equipment has not been placed in service prior to the date hereof.

This Certificate shall not be considered to alter or amend the terms of the Lease.

"Lessee"

Entity Name: _____

Signed By: _____

Title: _____

Date: _____

**AMENDMENT NUMBER 2 to
CONTRACT DIR-VPC-02-011 between
THE STATE OF TEXAS,
acting by and through the DEPARTMENT OF INFORMATION RESOURCES
and SHI-GOVERNMENT SOLUTIONS**

This amendment is hereby affixed to and shall become a part of Contract Number DIR-VPC-02-011, effective December 19, 2001, ("Contract") between SHI-Government Solutions ("Vendor") and the State of Texas, acting by and through the Department of Information Resources ("DIR"). This Amendment Number 2, as incorporated into the Contract, is subject to all terms, conditions, restrictions and limitations contained in the Contract not in conflict with this Amendment including the limitation of liability provision. The Contract is hereby modified as follows:

1. Section **II TERM OF CONTRACT**, is hereby restated as follows:

This Contract shall begin December 19, 2001 and end August 31, 2004, unless extended at the option of DIR for an additional one-year renewal through August 31, 2005.

2. New Section **XIII RECORDS AND AUDIT (e)**, is added as follows:

Vendor understands that acceptance of funds under this Contract acts as acceptance of the authority of the State Auditor's Office, or any successor agency, to conduct an audit or investigation in connection with those funds. Vendor further agrees to cooperate fully with the State Auditor's Office or its successor in the conduct of the audit or investigation, including providing all records requested. Vendor will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Vendor and the requirement to cooperate is included in any subcontract it awards pertaining to this Contract. Vendor will reimburse the State of Texas for all costs associated with enforcing this provision.

3. Section **XXXI, TECHNOLOGY ACCESS CLAUSE, AS REQUIRED BY §2157.005, TEXAS GOVERNMENT CODE**, is hereby restated as follows:

Vendor expressly acknowledges and agrees that State funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, the Vendor represents and warrants to DIR and each Customer purchasing products under this Contract that the technology provided hereunder is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology of: (i) providing equivalent access for effective use by both visual and non-visual means; (ii) presenting information, including prompts used for interactive communications, in formats intended for both visual and non-visual use; and (iii) being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired. For the purposes of this section, the phrase "equivalent access means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services that would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples, of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical display and customizable display appearance.

4. New Section **XXXVIII, HANDLING OF WRITTEN COMPLAINTS**, is added as follows:

In addition to other remedies contained in this Contract, a person contracting with DIR may direct their written complaints to the following office:

Public Information Office
Department of Information Resources
Attn: Public Information Officer
300 W. 15th Street, Suite 1300
Austin, TX 78701
(512) 475-4700, voice
(512) 475-4759, fax

All other terms and conditions of the Contract or Amendments not specifically modified herein shall remain in full force and effect. This Amendment Number 2 is executed to be effective as of September 1, 2003.

SHI-Government Solutions

Authorized By: Susan Parker

Name: Susan Parker

Title: Acct Exec

Date: 8-26-03

**State of Texas, acting by and through the
Department of Information Resources**

Authorized By: Patrick W. Hogan

Name: Patrick W. Hogan

Title: Director of Business Operations

Date: 8/18/03

Legal: SLH
8/18/03